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INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L SECTION 1 OF 5 BRASILIA 5981

E. O. 11652: GDS

TAGS: PINT, BR

SUBJECT: DECOMPRESSION IN IMPASSE

REFS: A. BRASILIA 2322; B. BRASILIA 2636; C. BRASILIA 3456

SUMMARY. RENEWED ATTENTION TO THE TOPIC OF DECOMPRESSION HAS FOCUSED ON THE POSSIBILITIES OF RE-STRUCTURING THE POLITICAL PARTIES. UNDERLYING THE QUESTION IS THE DILEMMA OF RECONCILING A CONTINUATION OF DECOMPRESSION WITH THE VERY REAL--AND, TO IMPORTANT SECTORS, UNACCEPTABLE--PROSPECT OF EVENTUAL MDB ELECTORAL VICTORIES SO LARGE AS TO PUT THE OPPOSITION IN POWER IN ALL KEY INSTITUTIONS EXCEPT THE PRESIDENCY. PRINCIPAL ELEMENTS OF THE SITUATION, THEN, ARE: OPPOSITION TO DECOMPRESSION WITHIN THE MILITARY, WHICH HAS GROWN AND SOLIDIFIED AND WHICH LIKELY HAS A COUNTERPART IN THE ENTREPRENEURIAL CLASS; THE ELECTORAL WEAKENESSES AND OTHER PROBLEMS OF THE GOVERNMENT'S POLITICAL INSTRUMENT, ARENA, WHICH IS UNABLE TO DERIVE ANY CREDIT FOR POPULAR GOVERNMENT MEASURES BUT SUFFERS ELECTORALLY FROM ANY DISCONTENT OR OPPOSITION, WHICH IS SEEING SOME OF ITS MEMBERS COOL ON DECOMPRESSION, AND WHICH HAS BEEN UNDERGOING A MANIFEST LEADERSHIP CRISIS; AND THE MDB PROBLEM, ITS UNACCEPTABILITY AS AN ALTERNATIVE TO POWER. WITHIN THE CLOSED CIRCLE REPRESENTED BY THE RESULTANT IMPASSE, DISCUSSION OF DECOMPRESSION HAS CONTINUED

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(A FACT WHICH BY ITSELF HAS HEARTENED SOME), AND EFFORTS ON ITS

BEHALF HAVE CONTINUED, EVEN AS THE COUNTRY LOOKS FORWARD TO A POLITICAL SPEECH BY THE PRESIDENT ANNOUNCED FOR THE COMING WEEKS. CONTINUED AND PROBABLY INCREASED PRESSURES ON HIM TO PUT AN END TO DECOMPRESSION CAN REASONABLY BE EXPECTED, HOWEVER, AND HOW LONG HE CAN HOLD OUT AGAINST THEM IS A QUESTION THAT CANNOT BE ANSWERED AT THIS TIME. END SUMMARY

1. THE USE OF IA-5 TO RESOLVE THE "CASO MORENO" (BRASILIA 5365 AND 5461) HAS RECEDED QUICKLY INTO CONTEMPORARY HISTORY: WHILE THERE SUBSEQUENTLY WAS SOME FUTHER EFFORT TO EXPLAIN THE SENATE VOTE, COMMENT ON THE DAMAGE TO THE IMAGE OF THE SENATE AND ARENA, AND GENERAL AGREEMENT (REPORTEDLY BACKED BY OPINION POLLS) THAT GEISEL HAD ACTED IN TUNE WITH THE POPULAR WILL (INDEED MANY DECLARED THAT THE EPISODE HAD THE EFFECT OF MAKING IA-5 MORE POPULAR), ATTENTION IN POLITICAL CIRCLES HAS TURNED TO MORE CLASSICALLY DECOMPRESSION-RELATED THEMES, IN PARTICULAR THE QUESTION OF POSSIBLE PARTY RE-STRUCTURING. UNDERLYING THAT QUESTION IS THE DILEMMA OF RECONCILING

A CONTINUATION OF DECOMPRESSION, WHICH IMPLIES FREE MUNICIPAL ELECTIONS IN 1976 AND CONGRESSIONAL AND DIRECT GUBERNATORIAL ELECTIONS IN 1978, WITH THE VERY REAL PROSPECT OF EVENTUAL MDB MAJORITIES IN THOSE ELECTIONS SO LARGE AS TO PUT THE OPPOSITION IN POWER IN ALL KEY INSTITUTIONS EXCEPT THE PRESIDENCY. THIS IS A PROSPECT THAT ALL REVOLUTIONARY HARD-LINERS AND MANY "AVERAGE" SUPPORTERS OF THE REVOLUTION ARE INCAPABLE OF ACCEPTING OR EVEN CONTEMPLATING SINCE THEY CONSIDER IT WOULD CONSTITUTE, IN EFFECT, THE REPUDIATION, IF NOT THE REVERSAL, OF 1964. (THEY DO NOT ADMIT OR RECOGNIZE THAT ANY SUCH REPUDIATION WOULD BE ADDRESSED NOT TO THE EVENTS OF 1964 BUT TO WHAT THE REVOLUTION OF 1964 HAS EVOLVED INTO--INDEED, THE PROSPECT OF SUCH A REPUDIATION IS INVARIABLY DESCRIBED IN HARD-LINE CIRCLES AS A "RETURN TO CHAOS".) A CENTRAL PART OF THIS DILEMMA IS THE QUESTION, A RATHER BASIC ONE IN DEMOCRATIC TERMS, OF WHAT USE THE MDB THEN MAY MAKE OF ITS MAJORITIES WHERE IT HAS THEM.

2. CONSIDERING THE FEARS THAT HAD BEEN EXPRESSED BEFOREHAND ABOUT THE POSSIBLE EFFECTS OF THE CASO MORENO AS AN EXCUSE FOR TAKING DISTENSION-ARRESTING OR -DESTROYING MEASURES, THERE IS CURRENTLY AN UNDERSTANDABLE SENSE OF RELIEF THAT DECOMPRESSION-OR "DISTENSION", AS IT IS NOW MORE COMMONLY CALLED--EVEN CAN CONTINUE TO BE THE CONFIDENTIAL

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PRINCIPAL TOPIC OF POLITICAL DISCUSSION. THIS SHOULD NOT, HOWEVER, BE ALLOWED TO OBSCURE THE FACT THAT EVEN BEFORE THE CASO MORENO, CLIMAXED, DECOMPRESSION HAD REACHED AN IMPASSE. HAVING COME A CERTAIN DISTANCE (AND THERE IS NO DOUBT EXPRESSED HERE ABOUT THE REALITY AND SIGNIFICANCE OF WHAT THE GEISEL ADMINISTRATION HAS ACCOMPLISHED IN THIS SENSE), THE DECOMPRESSION PROCESS FOUND ITSELF BLOCKED FROM MAKING MEANINGFUL PROGRESS TOWARD ITS LOGICAL GOAL. (THERE HAS BEEN SOME TALK OF THE POSSIBILITY OF REMOVING THE

REMAINING VESTIGES OF PRIOR CENSORSHIP FROM THE AFFECTED JOURNALS AND FROM THE THEATER, BUT IN DECOMPRESSION TERMS, THE BRIDGE OF CENSORSHIP HAS ESSENTIALLY BEEN CROSSED--AND, AS A SIGN OF THE IRRREALISM OF THE WISHFUL TALK, MORE RECENTLY THERE HAS BEEN AN INSTANCE OF ITS PARTIAL RE-APPLICATION TO DAILY NEWSPAPERS.)

3. TO BE SURE, GEISEL HIMSELF IN HIS PRONOUNCEMENTS ON THE SUBJECT OF DECOMPRESSION HAS ALWAYS REFERRED TO A PROCESS--"DEMOCRATIC IMPROVEMENT", "POLITICAL DEVELOPMENT"--RATHER THAN TO A PARTICULAR GOAL, AND HE HAS CAREFULLY REFRAINED FROM ANY DESCRIPTION OF WHAT THE BRAZILIAN POLITICAL SYSTEM WOULD LOOK LIKE WERE HIS TASK TO BE COMPLETED. ARENA AND MDB LEADERS, HOWEVER, AS WELL AS THE GENERAL RUN OF COMMENTARY, HAVE IDENTIFIED THE ULTIMATE OBJECTIVE AS A "STATE OF LAW" WHICH WOULD MEAN SPECIFICALLY THE EVENTUAL ELIMINATION OF THE ARBITRARY AND EXTRAORDINARY EXECUTIVE POWERS EMBODIED IN THE SO-CALLED "EXCEPTIONAL MEASURES"--IA-5, THE NATIONAL SECURITY LAW, AND DECREE LAW 477. (IT IS WIDELY AGREED, AT THE SAME TIME, THAT IN THE NEW CONSTITUTIONAL ORDER THE EXECUTIVE BRANCH WOULD RETAIN, ON BEHALF OF GOVERNMENT, LAW, AND ORDER, "LEGITIMATE MEASURES OF SELF-DEFENSE", I.E. SOME KINDS OF BROAD EMERGENCY POWERS.)

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4. ONE OBSTACLE TO THE ACCOMPLISHMENT OF THIS TASK, NORMALLY REFERRED TO HERE AS "INSTITUTIONALIZATION", IS THAT OF THE LEGAL CONCEPTS AND LANGUAGE WHICH WOULD BE REQUIRED. RESPONDING TO THE

CHALLENGE, THE PRESTIGIOUS O ESTADO DE SAO PAULO INVITED ARTICLES FROM VARIOUS DISTINGUISHED JURISTS; NOT SURPRINSINGLY, HOWEVER, THE PAPER SUBSEQUENTLY REPORTED THAT THE SUM OF THE JURISTS' CONCLUSIONS WAS THAT THE PROBLEM WAS REALLY POLITICAL, AND THAT THE LAWYERS COULD ONLY GO TO WORK ONCE THE ESSENTIAL POLITICAL DECISIONS HAD BEEN MADE.

5. THAT, OF COURSE, IS PRECISELY WHERE THE REAL PROBLEM COMES IN-- OR RATHER, THE PROBLEMS, SINCE THERE IS A VARIETY OF THEM:

A. THE MILITARY PROBLEM. WHILE MILITARY LEADERS HAVE REMAINED DISCREET AS FAR AS PUBLIC POSTURES ARE CONCERNED, THE UNDENIABLE INDICATIONS ARE THAT THE OPPOSITION TO DECOMPRESSION WITHIN THE MILITARY, HAVING STARTED IN THE SECURITY ELEMENTS OF THE ARMED FORCES, HAS RADIATED, GROWN, AND SOLIDIFIED AND THAT, IN VARYING DEGREES OF INTENSITY, IT NOW COMMANDS A MAJORITY, PERHAPS A LARGE MAJORITY, OF SENIOR OFFICERS. (ONE SUCH SIGN IS THE INCREASING REFERENCE IN THE PRESS TO SUCH OPPOSITION.) WHILE FIRST ARMY COMMANDER REYNALDO, CLOSE TO GEISEL, NOT LONG AGO SPOKE OUT CAUTIOUSLY ON DECMPRESSION'S BEHALF, HE APPEARS INCREASINGLY ISOLATED, AS OTHER GENERALS, FORMERLY JUDGED TO BE MODERATES (THE PRIME EXAMPLE BEING II ARMY COMMANDER EDNARDO D'AVILA), HAVE

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APPARENTLY SHIFTED INTO OPPOSITION. WHILE THE NOVEMBER 1974 ELECTION RESULTS, SUBSEQUENT OTHER DEMONSTRATIONS OF ARENA WEAKNESS AND APPREHENSION ABOUT FURTHER MAJOR MDB GAINS HAVE DOUBTLESSLY FUELED THE GROWING STRENGTH OF HARD-LINE OPPOSITION, EVENTS IN PORTUGAL, WHICH ARE FOLLOWED CLOSELY AND COMMENTED WIDELY HERE, HAVE HAD AN EVEN MORE IMPORTANT, PERHAPS EVEN DECISIVE, ROLE. AT THIS POINT, THE STRENGHT AND INFLUENCE OF MILITARY OPPOSITION TO DECOMPRESSION IS TAKEN AS GIVEN IN POLITICAL CIRCLES. LESS TANGIBLE AND MEASURABLE BUT WIDELY BELIEVED AND LOGICAL IS OPPOSITION TO DISTENSION AMONG MEMBERS OF THE ENTREPRENEURIAL CLASS, WHO BACKED THE MILITARY IN 1964, WHO HAVE BEEN THEIR ALLIES EVER SINCE, AND WHO NOW HANKER, UNREALISTICALLY IN PURRELY ECONOMIC TERMS, AFTER THE HALCYON MEDICI DAYS AND FEAR A BREAKDOWN IN "DISCIPLINE".

B. THE POLITICAL PARTY PROBLEM--ARENA. AS THE POLITICIANS ARE ACUTELY AWARE, OPPOSITION TO THE ELIMINATION OF THE EXCEPTIONAL MEASURES IS NOT LIMITED TO HARDLINERS. GEISEL HIMSELF, IT HAS BEEN AUTHORITATIVELY MADE CLEAR, CONSIDERS THEIR RETENTION, FOR THE TIME BEING, ESSENTIAL, AND SO DO A GOOD MANY PROMINENT PRO-DECOMPRESSION FIGURES. THIS POSITION CERTAINLY RESULTS IN PART FROM THE HARD-LINE PRESSURES; BUT IT IS ALSO BASED ON THE UNDENIABLE FACT, UNDERSCORED IN THE NOVEMBER 1974 ELECTIONS, THAT THE GOVERNMENT'S POLITICAL INSTRUMENT (ARENA), AS DISTINCT FROM ITS LEGAL POWERS, IS WEAK, MAKING ORDINARY POLITICAL PROCEDURES MORE RISKY FROM THE GOVERNMENT'S POINT OF VIEW AND THUS UNDERSCORING THE UTILITY OF IA-5. ARENA'S WEAKNESSES, OF COURSE, ARE PARTLY INSTITUTIONAL: IT IS PALPABLY NOT THE SOURCE OR THE MOTOR OR A CO-FORMULATOR OF GOVERNMENT

POLICY BUT RATHER, AS A CREATURE OF THE GOVERNMENT, A FAITHFUL EXECUTOR AND DEFENDER OF THAT POLICY. BECAUSE OF ITS FIRST FUNCTION, IT DERIVES NO CREDIT AMONG VOTERS FOR POPULAR GOVERNMENT MEASURES, WHILE, WITH RESPECT TO THE SECOND, THE MDB IS THE LOGICAL BENEFICIARY OF OPPOSITION AND/OR DISCONTENT. SECONDLY, IT HAS NEVER OVERCOME THE FACTIONALISM ARISING FROM ITS GENESIS AS A GRAB-BAG OF PREVIOUS PARTIES. AN INTERNAL DIVISION OF MORE RECENT ORIGIN HAS SHOWN SENATOR DINARTE MARIZ, WHO IS CLOSELY TIED TO ULTRA-CONSERVATIVE MILITARY OPINION, IN OUTSPOKEN OPPOSITION TO DECOMPRESSION WHILE OTHERS, EITHER SHARING HIS VIEWS OR FEARFUL OF EVENTUAL REPRISALS BY THE HARD LINE, HAVE BECOME EXTREMELY CAUTIOUS ABOUT IT. EFFORTS TO BOLSTER ARENA, SOME OF THEM RIDICULOUS, HAVE CONTINUED: THE NAME-CHANGE DRIVE (SEE REF. B), WHILE NEVER TAKEN WITH GREAT SERIOUSNESS, HAS SEEN SOME PRESS CONFIDENTIAL

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ACCOUNTS REFER DUTIFULLY TO PARTY MEMBERS AS "RENOVATORS" RATHER THAN AS ARENISTAS, BUT NO IMPROVEMENT IN THE PARTY'S IMAGE IS SEEN TO HAVE RESULTED; AFTER SOME ADVANCE BALLYHOO, PARTY PRESIDENT PETRONIO PORTELLA UNVEILED A PROJECT TO STRENGTHEN STUDENT AND LABOR REPRESENTATION AMONG PARTY CANDIDATES, BUT THE IDEA COLLAPSED IN THE FACE OF THE GENERAL PERCEPTION THAT THE PROBLEM WAS NOT THAT OF ALLOWING OR EVEN OBLIGING STUDENTS AND LABOR REPRESENTATIVES TO PARTICIPATE, BUT RATHER THAT OF GETTING THEM TO WANT TO; PETRONIO ALSO UNDERTOOK ANOTHER "PORTELLA MISSION", THIS TIME TO ATTEMPT TO STRENGTHEN PARTY UNITY IN THE VARIOUS STATES, BUT THAT ALSO FLOPPED; THE ADMINISTRATION TRIED TO HELP, CREATING A "FOURTEENTH-MONTH" SALARY FOR THE LOWEST PAID AND EMPHASIZING INTENSIFIED SOCIAL SERVICES FOR THE NEEDIEST, BUT AS NOTED ABOVE, ARENA WILL NOT GET THE CREDIT FOR THIS. THE NOTION HAS PERSISTED THAT THE ARENA PROBLEM, THAT IS, THE VERY DOUBTFUL ABILITY OF ARENA TO DEFEAT THE MDB, CAN BEST BE SOLVED BY EITHER ALLOWING THE CREATION OF A THIRD PARTY OR ABOLISHING THE PRESENT TWO AND SOMEHOW RE-FORMING THEM SO THAT THE GOVERNMENT SIDE IS FAVORED. EVEN THOSE WHO TALK ABOUT IT HAVE, HOWEVER, CONCEDED THAT THERE WOULD BE NO GREAT RUSH OF LEGISLATORS TO THE GOVERNMENT PARTY: ITS PROBLEMS ARE SIMPLY TOO APPARENT AND INTRACTABLE. RE-ORGANIZING THE PARTY FROM THE GRASS ROOTS UP IS ANOTHER RECENT PRESCRIPTION, BUT NO ONE SEEMS TO THINK THE CONVENTIONS (MUNICIPAL, STATE, AND NATIONAL) ENDING IN SEPTEMBER WILL BRING ABOUT ANY SIGNIFICANT CHANGE IN THIS RESPECT. COMPOUNDING--AND REFLECTING--ARENA'S DIFFICULTIES IS ITS MANIFEST LEADERSHIP CRISIS: SUCH PROMINENT SENATORS AS JOSE SARNEY, JARBAS PASSARINHO, LUIS VIANA FILHO, AND TEOTONIO VILELA (THE FIRST THREE CONSIDERED CANDIDATES FOR THE PARTY PRESIDENCY COMING OPEN IN SEPTEMBER) HAVE MADE SERIOUS ADDRESS TO SERIOUS ISSUES; BUT THE DEMORALIZED PARTY AS A WHOLE IS NOT BEING LED, OR EVEN GUIDED, IN ANY COHESIVE ATTEMPT TO DEAL WITH ITS TROUBLES. (SEE BELOW, HOWEVER, FOR SIGNS THAT THE THREE MOST POLITICALLY IMPORTANT GOVERNORS ARE ATTEMPTING TO COME UP WITH A CONTRIBUTION.)

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C: THE POLITICAL PARTY PROBLEM MDB. WHILE RIDING HIGH ELECTORALLY, THE MDB ALSO FACES A VARIETY OF PROBLEMS. ONE, WHICH IT IS MEETING WITH SOME SUCCESS, IS THAT OF FNOT JEOPARDIZING ITS PROSPECTS (AND THOSE OF DECOMPRESSION) BY OVERPLAYING ITS HAND. CONNNECTED WITH THIS PROBLEM IS THE FUNDAMENTAL ONE, REFERRED TO EARLIER, OF TO WHAT USES IT CAN PUT ITS MAJORITIES WHERE IT HAS THEM. THE USE OF IA-5 IN ACRE (REF C) MADE CLEAR THAT THERE ARE, AT THE LEAST, LIMITES ON THOSE USES. THE MDB'S BASIC--AND APPARENTLY INSUPERABLE-- PROBLEM, HOWEVER, IS REVEALED IN THE CONTINUING DISCUSSION OF ITS POSSIBLE ACCESSION TO POWER; IT IS CLEAR THAT IF THE PARTY WERE TO ACHIEVE A NATIONAL MAJORITY AND THUS GAIN THE POLITICAL RIGHT TO RULE, IT WOULD EITHER HAVE TO VIOLATE ITS ELECTORAL MANDATE BY BECOMING GOVERNMENT-LINE AND DROPPINGITS OPPOSITION, A POSSIBILITY OF OBVIOUS UNACCEPTABILITY TO MDB VOTERS AND MEMBERS ALIKE AND A DENIAL O THE ELECTORAL PROCESS; OR IT WOULD STAY TRUE T ITS PRINCIPLES ONCE IN POWER, A POSSIBILITY OBVIOUSLY UNACCEPTABLE TO HARDLINERS AND, IN A CLEAR EXPRESSION OF CURRENT AND EVOLVING REALITIES, THEREFOE GENERALLY CONSIDERED NOT FEASIBLE. ACCEPTING THE CURRENT "NON-VIABILITY" OF THE IMMEIDATE ADOPTION OF A SYSTEM ACCORDING TO WHICH THOSE ELECTED BY THE PEOPLE WOULD OBTAIN EFFECTIVE POLITICAL POWER--OR, PUTTING IT IN ITS REAL TERMS, THE RESULTS OF SUCH AN ELECTION WOULD BE RESPECTED--, THE MDB LEADERSHIP HAS AS AN ALTERNATIVE SOUGHT TO KEEP ALIVE THE IDEA OF EVENTUAL MOVES TOWARD INSTITUTIONALIZATION, AND IN THE MEANTIME

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TO ATTEMPT TO COUNTER SUGGESTIONS THAT THE PARTY IS EITHER OPPOSED TO THE MILITARY OR OPPOSED BY IT AND TO INSIST ON ITS FIDELITY TO THE ORIGINAL PRINCIPLES OF THE REVOLUTION.

6. IN SUM, THEN, DECOMPRESSION'S LOGICAL NEXT MAJOR STEP-- INSTITUTIONALIZATION--IS BLOCKED BY CONVICTIONS AND FEARS, BASED ESSENTIALLY ON THE COMBINATION OF ARENA'S WEAKENESS, THAT IS, ARENA'S PROBABLE INABILITY TO WIN ELECTIONS, AND THE MDB'S UNACCEPTABILITY AS AN ALTERNATIVE TO POWER. WITHIN THE CLOSE CIRCLE REPRESENTED BY THE RESULTANT IMPASSE, HOWEVER, DECOMPRESSION HAS CONTINUED TO EXERCISE SOME FASCINATION AS A TOPIC, ALTHOUGH THE LEVEL OF DISCUSSION HAS BEEN, FOR THE MOST PART, LOW. ONE MINOR FLAP WAS SET OFF WHEN CHAMBER MAJORITY LEADER, JOSE BONIFACIO, SOUGHT TO DENY THAT GEISEL HAD EVER USED THE WORD "DISTENSION"; HE WAS PROMPTLY HEAPED WITH EVIDENCE TO THE CONTRARY. (OBSERVERS RECALLED THAT HIS SENATORIAL COUNTERPART, PETRONIO PORTELLA, ONCE BABBLED, "HOW CAN THERE BE DISTENSION WHERE THERE'S NO TENSION? WHO'S TENSE? I'M NOT TENSE. ARE YOU TENSE?") JUSTICE MINISTER FALCAO--CONSIDERED BY SOME ACUTE OBSERVERS TO BE VERY CLOSE TO THE HARD LINE--EXPRESSED A DISTINCTION BETWEEN DISTENSION AS A SLOW, GRADUAL PROCESS AND THE MORE ABRUPT "RE-OPENING"; PRESTIGIOUS COLUMNIST CARLOS CASTELLO BRANCO, DECLARED THAT THE GOAL OF BOTH WAS THE STATE OF LAW, CAUSTICALLY THANKED HIM FOR THE LESSON.

7. IN THE FACE OF THE DRIFT AND UNCERTAINTY IN THE NATIONAL POLITICAL PROCESS, SOME OF THE MOST RESPECTED AND TALENTED MEMBERS OF BOTH PARTIES HAVE MORE RECENTLY SOUGHT TO REANIMATE AND ELEVATE THE DEBATE CONCERNING DECOMPRESSION AND ITS NEXT STEPS. ARENA SENATOR JOSE SARNEY, IN A SPEECH ON JUNE 13, SAID THAT BRAZIL COULD NOT CONTINUE TO OPERATE UNDER A CONSTITUTION PROCLAIMED BY A MILITARY JUNTA IF IT WISHED TO TAKE ON ITS RIGHTFUL WORLD ROLE. CALLING FOR LEGITIMIZATION OF ARENA BY BRINGING IT INTO THE POLICY-MAKING PROCESS, HE DESCRIBED THE PARTY AS OTHERWISE INCONSEQUENTIAL. SARNEY'S CALL FOR CONSTITUTIONAL REVISION WAS IMMEDIATELY TAKEN UP BY THE OPPOSITION PARTY IN THE SENATE, IN A SESSION WHICH BROUGHT PRAISE FOR SARNEY FROM PROMINENT MDB SENATOR PAULO BROASARD, AND BROUGHT FROM MDB "AUTENTICO" SENATOR MARCOS FREIRE

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SUPPORT FOR PRESIDENT GEISEL AND DISTENSION -- "THIS

OPTION, THE ONLY ONE OPEN TO US, IS MUCH BETTER THAN
POLITICAL STAGNATION."

8. THIS WAS FOLLOWED ON JUNE 16 BY A WIDELY PUBLICIZED
MEETING OF THE GOVERNORS OF SAO PAULO, MINAS GERAIS,
AND RIO GRANDE DO SUL, THE THREE LEADING POLITICAL
FIGURES AMONG THE GOVERNORS APPOINTED BY GEISEL.
ALTHOUGH SOME ARENA PARTY STALWARTS TRIED TO MINIMIZE
THE IMPORTANCE OF THE MEETING -- JOSE BONIFACIO,
FOR INSTANCE, ANNOUNCED THAT IN HIS OPINION, THE
GOVERNORS WOULD LIMIT THEIR DISCUSSION TO COMMON ECONOMIC,
ADMINISTRATIVE, AND LOCAL PARTY PROBLEMS -- THE MEETING
RESULTED IN A RINGING DECLARATION OF SUPPORT FOR GEISEL
AND THE POLICY OF DISTENSION: "WE COMPLETELY SUPPORT
PRESIDENT GEISEL IN THE POLITICAL ACTIONS HE HAS ADOPTED
AND WILL ADOPT ...IT IS PART OF THE NATIONAL CONSCIOUSNESS
THAT ALL DESIRE AN ADULT DEMOCRACY ... THE COMMON PURPOSE,
IN ADDITION TO THE STRENGTHENING OF THE PARTY, IS SUPPORT
FOR THE PRESIDENT. WE ARE COMBINED IN THE GREAT TASKS OF
CONTINUING THE DEMOCRATIC IMPROVEMENT PROPOSED BY GEISEL."
THE GOVERNORS DECRIED PESSIMISTIC FORECASTS FOR THE
ELECTORAL PERFORMANCE OF THE ARENA PARTY AND EXPRESSED
CONFIDENCE THAT, BY STRENGTHENING THE PARTY AND THROUGH
HARD WORK, ARENA WOULD EMERGE VICTORIOUS FROM THE 1978
GUBERNATORIAL AND LEGISLATIVE ELECTIONS.

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9. ON JUNE 20, MDB PRESIDENT ULYSSES GUIMARAES, TAKING UP SARNEY'S EARLIER THESIS, PROPOSED A COOPERATIVE EFFORT BY THE GOVERNMENT, ARENA, AND THE MDB TO DEVELOP A NEW CONSTITUTION, AS "A STRATEGY FOR BRAZIL TO ESCAPE FROM THE IMPASSE IN WHICH IT FINDS ITSELF. WE ARE ALL DEPENDENT UPON DISTENSION ... THE GREATEST DANGER IS INERTIA AND IMMOBILISM." EMPHASIZING THAT HE WAS NOT SPEAKING OF A COALITION GOVERNMENT, GUIMARAES OFFERED THE PARTICIPATION OF THE MDB WITH THE PRESIDENT AND ARENA "IN A COMMON FRONT TO MOBILIZE AND HEAR REPRESENTATIVE SECTORS OF THE COUNTRY, FOR THE DEVELOPMENT OF A DEMOCRATIC CONSTITUTION."

10. MORE RECENTLY, AS NOTED ABOVE, ATTENTION HAS RETURNED TO THE IDEA OF PARTY RE-STRUCTURING, WITH THE 1976 MUNICIPAL ELECTIONS AS THE FOCAL POINT. AMONG THE IDEAS PUT FORWARD: A THIRD PARTY, AND EVEN A FOURTH, WILL BE CREATED, EITHER BEFORE THE ELECTIONS OR AFTER THEM; OR BOTH PRESENT PARTIES WILL BE ABOLISHED, AND THE MUNICIPAL CANDIDATES WILL ALL RUN AS INDEPENDENTS, WITH NEW PARTIES TO BE FORMED SPONTANEOUSLY BY LIKE-MINDED WINNERS AFTERWARDS. IN FACT, THE SWIRL OF ASSERTION, NUANCE, CLARIFICATION, AND CONTRADICTION HAS BEEN CONSIDERABLE, AND THE RESULTANT SENSE OF CONFUSION WAS REPORTEDLY WHAT LED

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PRESIDENT GEISEL TO MAKE IT KNOWN THAT HE WILL DELIVER A MAJOR POLITICAL SPEECH IN THE NEXT FEW WEEKS.

11. COMMENT: MUCH REMAINS UNKNOWN ABOUT THE REAL PURPOSE AND CONTENT OF THE GOVERNORS' MEETING, ALTHOUGH IT CLEARLY SEEMS GENERALLY TO HAVE BEEN A SINCERE AND COMMENDABLE EFFORT TO FILL THE POLITICAL-LEADERSHIP VOID IN ARENA MENTIONED ABOVE, THUS LOOKING TOWARD HELPING TO GET DECOMPRESSION MOVING AGAIN. SO FAR, HOWEVER, THERE HAVE BEEN ONLY TWO SPECIFIC RESULTS OF THE MEETING: PRESS REPORTS THAT GEISEL WAS MIFFED BY THE IMPLICATION THAT HE NEEDED SUCH AN EXPRESSION OF SUPPORT; AND A LATER ATTEMPT BY SAO PAULO GOVERNOR PAULO EGYDIO MARTINS (FOLLOWING AN APPARENTLY CHASTENING SERIES OF MEETINGS WITH FEDERAL LEADERS IN BRASILIA) TO DOWNPLAY THE SIGNIFICANCE OF THE MEETING IN THE WAKE OF THE SUBSTANTIAL AND EXTREMELY SPECULATIVE PRESS COVERAGE OF IT. (SINCE THEN, PAULO EGYDIO HAS BECOME INCREASINGLY VISIBLE AND VOLUBLE ON THE NATIONAL POLITICAL PLANE.) SIMILARLY, THE MDB OFFER PUT FORWARD BY GUIMARAES IS A RESPONSIBLE AND CONSIDERED RESPONSE TO GEISEL'S LONG-STANDING APPEAL FOR "CREATIVE POLITICAL IMAGINATION;" BUT THE QUESTION REMAINS UNANSWERED AS TO WHETHER THERE WILL BE FOUND AT

ANY POINT THE CREATIVITY AND IMAGINATION REQUIRED TO FORMULATE A SINGLE CONSTITUTION ABLE TO MEET BOTH THE DEMOCRATIC ASPIRATIONS OF SOME AND THE SECURITY AND STABILITY REQUIREMENTS OF OTHERS. UNTIL THEY ARE FOUND, THE PROSPECTS FOR SIGNIFICANT FORWARD MOTION WILL REMAIN MINIMAL. IN THE MEANTIME, PORTELLA'S REACTION TO THE MDB OFFER WAS WARY AND, IN THE NET, NEGATIVE, AT LEAST WITH REGARD TO THE SHORT TERM; AND FALCAO TOLD REPORTERS THAT THE GOVERNMENT HAS NO PLANS FOR CONSTITUTIONAL REFORM, A POSITION IN WHICH HE WAS LATER BACKED BY JOSE BONIFACIO. AS FOR GEISEL'S SPEECH, INITIAL ASSUMPTIONS THAT HE WOULD ESSENTIALLY RE-STATE HIS EARLIER POSITIONS HAVE NOW GIVEN WAY TO FEARS, BASED ON REPORTS HE WANTS LESS DISCUSSION OF IA-5, THAT HE WILL SAY SO FORMALLY. NOTED CASTELLO BRANCE: "IF THE PROPONENTS OF DEMOCRATIC NORMALIZATION FALL SILENT AND ITS ENEMIES CONTINUE TO SHOUT, IT IS CLEAR THAT THE TACTICAL RULES OF THE PRESIDENT WOULD NOT SERVE HIS STRATEGY, RATHER THE CONTRARY." CONFIDENTIAL

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12. IT IS TRUE THAT THE DECOMPRESSION PROCESS WAS ALWAYS INTENDED TO BE, IN THE NOW-COMMON PHRASE, "SLOW, GRADUAL, AND SURE;" PERIODIC TRIUMPHANT ADVANCES WERE NEVER TO BE EXPECTED, AND THEIR ABSENCE IS NOT IPSO FACTO EVIDENCE THAT THE GAME IS OVER. IT IS ALSO TRUE, HOWEVER, THAT THE PROCESS INEVITABLY WOULD SLOW DOWN AS IT CAME CLOSER TO THE LIMITS OF THE SYSTEM; AND A LOOK BACK OVER THE PAST FEW MONTHS STRONGLY SUGGESTS THE CONCLUSION THAT, WITH THE HOVERING POSSIBILITY OF A (FOR MANY) IMPERMISSIBLE REPUDIATION OF THE EVOLVED REVOLUTION IN THE ELECTIONS, THOSE LIMITS ARE VERY CLOSE AT HAND. SOME WAY TO ACHIEVE SOME FURTHER FORWARD MOTION MAY YET BE FOUND, BUT THE CHANCES HAVE BEEN SEVERELY REDUCED WITH THE HEALTH PROBLEMS OF GEISEL'S CIVIL HOUSEHOLD CHIEF AND PRINCIPAL CONFIDANT, GENERAL GOLBERY, WHO CASTELLO BRANCO CALLED "THE COMPASS NEEDLE, THE SOUL, AND THE LIGHTNING ROD OF DISTENSION" AND WHO TO THE REAL HARDLINERS IS ITS EVIL GENIUS. HIS ABSENCE FROM THE POLITICAL SCENE AS AN OPERATING FORCE -- WHICH MAY BECOME PERMANENT -- IS UNIVERSALLY CONSIDERED A CRIPPLING BLOW TO DISTENSION, ALTHOUGH SOME ARE QUICK TO POINT OUT THE PRESIDENT'S OWN COMMITMENT TO THE PROCESS, AND, IN SOME RESPECTS, PAULO EGYDIO IS FILLING GOLBERY'S FUNCTIONS (SAO PAULO 1453). SOME ARE ALSO TAKING HEART FROM THE RE-EMERGENCE ON THE POLITICAL SCENE OF MARSHALL CORDEIRO DE FARIAS, WHOSE DISTINGUISHED MILITARY CREDENTIALS AND RESPECTED POLITICAL SKILLS HE IS APPARENTLY PUTTING TO WORK ON BEHALF OF ADMINISTRATION POLICY.

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ACTION ARA-10

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INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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13. IN ANY EVENT, THE LONGER THE SENSE OF IMPASSE CONTINUES, THE GREATER THE CHANCES OF A RASH ACT OR SERIES OF ACTS WHICH COULD FURTHER ITENSIFY AND STIFFEN HARD-LINE OPPOSITION, ALREADY EMBOLDENED BY ITS CLEAR SUCCESSES IN RECENT MONTHS. IN THIS REGARD, WE NOTE THE CONTINUING, STALEMATED STRIKE AT THE UNIVERSITY OF SAO PAULO'S SCHOOL OF COMMUNICATIONS, WHERE STUDENTS HAVE BEEN OUT SINCE APRIL 16 IN AN EFFORT TO BRING REMOVAL OF THE SCHOOL'S DIRECTOR. AUTHORITIES HAVE SOUGHT BOTH TO AVOID ENCOURAGING SUCH ACTIONS BY GIVING IN AND TO PREVENT THE ESCALATION THEY FEAR WOULD FOLLOW AN UNLEASHING OF SECURITY FORCES AGAINST THE STUDENTS, AND UNLEASHING THAT THE SECURITY FORCES, CONVINCED, APPARENTLY WITH SOME RESON, THAT THE STUDENTS ARE BEING EGGED ON BY OUTSIDE AGITATORS, APPEAR TO BE EAGER FOR. ALSO WORTH NOTING IS THE RECENT SERIES OF TRASHINGS OF RIO TRAIN STATIONS, WHICH HAVE OCCURRED WHEN TRAINS WERE DELAYED. MOST COMMENT HAS EXPRESSED SYMPATHY FOR THE COMMUTER'S NOTORIOUSLY UNHAPPY LOT, AND HAS TAKEN THE POSITION THAT THEIR VIOLENT REACTION TO THEIR LONG-STANDING PROBLEMS IS UNDERSTANDABLE AND NEEDS NO EXOTIC EXPLANATION. SOME AUTHORITIES, HOWEVER, ARE MUTTERIG DAILY AND, APPARENTLY, WITHOUT EVIDENCE, OF "OUTSIDE AGITATORS."

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14. EVEN WITHOUT SUCH REAL OR FABRICATED THREATS TO
LAW AND ORDER, IT IS ENTIRELY REASONABLE TO EXPECT
THAT THE RADICAL SECTORS OF THE REVOLUTION WILL CONTINUE
AND PROBABLY INCREASE THEIR PRESSURES ON GEISEL TO PUT
AN END TO DISTENSION. HE HAS GIVEN GROUND SO FAR,
WITHOUT, HOWEVER, ABANDONING THE BASIC PATH HE SO BRAVELY
SET OUT UPON SIXTEEN MONTHS AGO. HOW LONG HE CAN OR
WILL BE WILLING TO TREAD THAT NARROWING PATH AND HOLD
OUT AGAINST THE ENEMIES OF A RETURN TO "A STATE OF LAW"
IS A QUESTION THAT CANNOT BE ANSWERED NOW. END COMMENT.
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